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Bankers' Circular, Liverpool
The currency.

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Bankers' Circular, Liverpool

THE CURRENCY;

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PAPER MONEY,

AS ILLUSTRATED BY THE

POSTAGE STAMP.

FROM

THE BANKERS' CIRCULAR,

AUGUST 25TH, 1855.

All that is required to give paper value,
is for it to be issued, stamped, and signed by Government, under a limit
sanctioned by Parliament, and for such paper to be declared
legal tender for debts and taxes.

PRICE ONE PENNY,

Sixpence per Dozen, or Three Shillings per Hundred.

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H. & R. SHAW, PRINTERS, 26, LORD STREET, LIVERPOOL.

1815

The Bank Charter having expired, a few gentlemen think this a favorable time to reprint the annexed article from the Bankers' Circular, in the hope of drawing attention to the important questions What is money? and By whom ought it to be issued?

Every one knows that a Postage Stamp is the symbol of an ounce of copper, which ounce of copper, in the nomenclature of our coinage, is called one penny. This stamp, impressed on a letter, carries it to any town or village in the United Kingdom; and even the most inveterate bullionist does not require that the copper penny itself should be fastened adhesively to the letter. The symbol answers the purpose much better than the reality as it saves weight. So far as the Post-office is concerned, the stamp is the standard of value of its particular operations. But whence is this value derived? Certainly from the authority of Government, which puts the stamp into circulation, for the stamp itself has no intrinsic value, but only a derivative and symbolic value. If it be retorted, that a copper penny must be paid before any one can possess himself of the stamp, it is asked of the objector, how does any one become possessed of the penny? The only answer that can be given is, that he buys it with his labour, or with the produce of his labour; and then labour becomes the standard of value, so that the bullionists do not advance a step by postponing the solution.

The postage stamp is a species of national money, symbolic in its nature, deriving its value of an Act of Parliament. Can it depreciate? Never, so long as the

Act of Parliament which called it into existence remains unaltered. Can it be issued in excess? Never, for the proportionate supply will always regulate itself according to the proportionate demand.

The newspaper stamp is another and analogous form of national or symbolic money. It carries the newspaper to any part of the United Kingdom, just as the postage stamp carries a letter. The quantity of both these instruments is both expansive and contractive. If more newspapers are demanded by the public, more stamps are issued; if less, the number is diminished; so also with regard to letters. Here, then, is a system of freedom.

Now, let us suppose that when the system of uniform penny postage was established, a clause to the following effect had been embodied in the Act of Parliament:—"Provided always that no more postage stamps shall at any future time be issued than equal the number of letters passed through the Post-office in the three months preceding the date of this Act of Parliament," such a restrictive clause would of course pay no respect to the natural increase of population, or to the increased education of the inhabitants, or to that increase of trade which necessitates increased correspondence. But in the course of years the demand for these stamps would assuredly be augmented. What would follow? The competition of more demanders to get possession of the limited number of stamps, would raise the value of each stamp, and those who enjoyed the monopoly of putting them into circulation would raise the price. Would not this express a form of usury? Most assuredly it would; but is not this very much the case of the Bank of England under the Act of 1844, and of the country bankers? Who can doubt it?

The two instruments already noticed lead us to inquire whether symbols might not be used in raising imperial taxation, with as much facility and advantage as for raising the tax on the transmission of letters and of newspapers?

If we have got hold of a principle which has been found by experience to be sound and safe, benefiting all and injuring none, does it not become the duty of a wise statesman to extend such a principle? Let us, then, endeavour to explain the manner in which such an extension might be effected. Government must have a revenue. It is popularly estimated in pounds sterling, but it requires little reflection to perceive that it really resolves itself into labour, or the produce of labour. Thus intellectual labour is required from functionaries of the Crown, as ministers of state, judges, clerks, &c. The military, navy and police furnish both intellectual and physical labour. The great arsenals and dockyards demand a supply of the produce of labour, as food and raw materials, such as iron. For such personal services and such commodities payment must be made, and hence the necessity of revenue; but provided such services and commodities are obtained, it is permissible to a Government to make payment in any manner it may please, provided no injustice be committed. Let us, then, assume the amount of such revenue for a year to be £50,000,000; in gold bullion this amounts to 12,500,000 ounces, taking the ounce of gold at four pounds sterling. This amount, then, of bullion the industrious classes must buy annually; they then hand it over to the tax-gatherer, who hands it over to the treasury, who pay it away to those who render personal services to the Crown, or supply it with commodities.

Now, take the case of a man whose taxes amount to £40, or ten ounces of gold. This is fixed. It may be in one year that he can purchase that gold for one month's labour, and in the next year may be compelled to give the labour of two months. The tax nominally remains the same, estimated in pounds sterling; but estimated in his labour, it is obviously double in the second year, because the taxation commodity, or gold, which he must buy, is doubled in reference to the commodity he has to sell or

give in exchange for gold. Very few tax-payers see the *rationale* of this process, however sensitively they feel its pressure. If his goods are taken in execution, then he may have a clearer view of the subject; for articles of furniture which cost him one pound, may only realise five shillings; and then if he reasons at all, he must perceive that goods have fallen, which is only another phrase for gold has risen. Now, if a man had the option of paying his tax in postage stamps, it is clear that the tax, whether estimated in those instruments, or in the value of his own labour, would be uniform from year to year; but not so, as has been shown, when the tax must be paid in gold.

This injustice would be effectually removed if it possessed a national instrument of taxation, similar in character to a postage stamp. It never would be exported to foreign countries, as gold is, because it would be valueless to foreigners. It would derive its representative value from the Government that put it into circulation, and declared it legal tender within the realm of England. Among ourselves it would ever be present, discharging the functions for which it was created; for it would not discharge a tax due to the Emperor Napoleon or the President of the United States, but it would discharge a tax due to Queen Victoria. No Jew, Christian or Hebrew, could realise a profit by sending it out of the country, as they do with our sovereigns, by which they now make a double gain. They gain a premium in the country to which the sovereigns are exported, and the sovereigns that remain rise in value through scarcity, and on these the rate of discount rises. Thus we have among us a class of men who possess nothing, and who can only grow rich by impoverishing those who do produce; but this they effect by their combined operations on the legal tender—now making it abundant, to lure men into trade, now making it scarce, to ruin those whom they have entrapped. But this organised system of swindling would cease with national

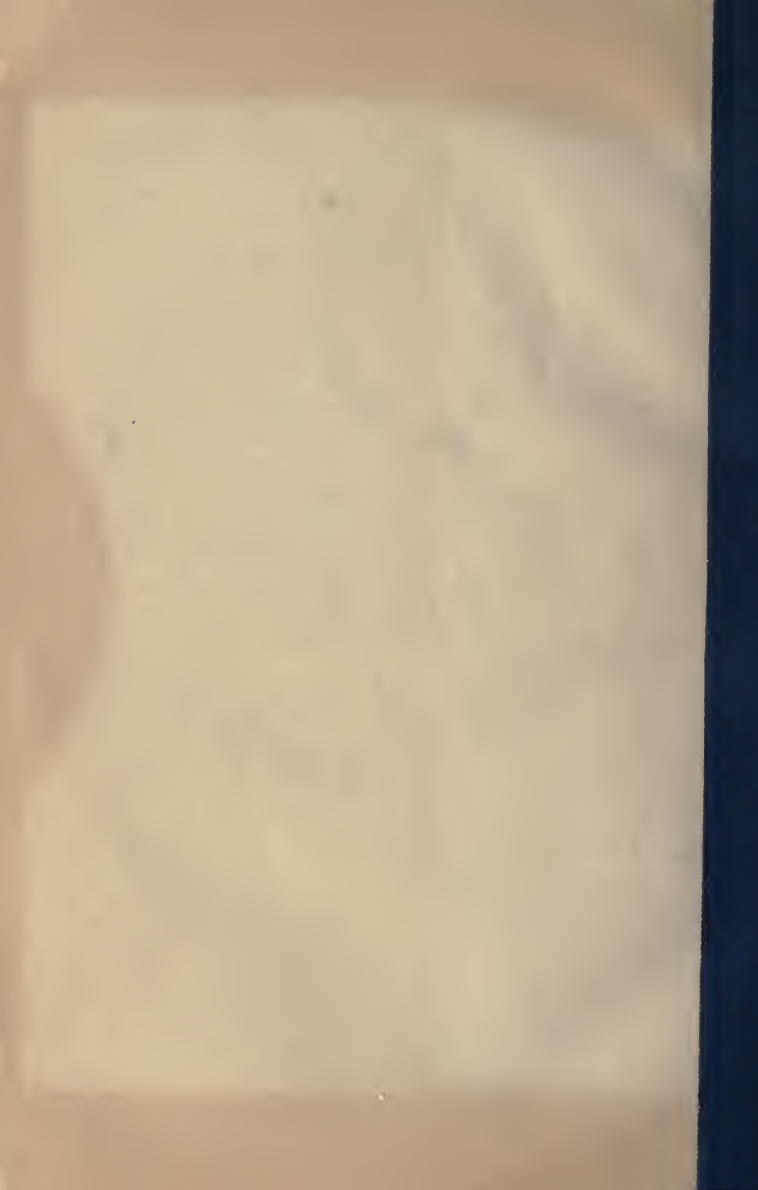
taxation money having no intrinsic value, but only such a representative value as the State fixed upon it when the State declared it legal tender.

Let us practically exhibit the mode of operation. At the commencement of every financial year, the State stands in the position of debtor to the people. It wants from them £50,000,000, as we have assumed, and it anticipates that revenue by issuing symbolic national money, here called taxation money. Take a case which will illustrate the whole system here advocated:—The Admiralty want pork or rum to be deposited at the victualling department at Deptford, say for an agreed sum of £100,000. They pay this to the contractor, who lodges these notes, declared legal tender, with his banker. A distiller comes to that bank, and gets his bill discounted for £100,000, or a less sum. He receives the notes which the Government has paid to the rum and pork contractor, and pays them into the office of Inland Revenue for duty that he owes to Government, and that discharges the tax he owes as a distiller. No gold has passed, nor was there any need for a grain of gold. The Government have got what they wanted, the rum and pork, that is, the produce of labour. The same may be extended to every other department. The army, navy and civil service would be paid in these national notes, and also the fundholders. Government would save all the interest they now pay on Exchequer Bills, and thus so much taxation would be saved. The nation would be its own banker, and issue its own money on its own security. It would emancipate itself from the yoke of Judea. Its notes would be guaranteed by the whole wealth of the empire, and not by a paltry amount of bits of bullion; and would be convertible into bread and beef, broadcloth and blankets, and every other article that man desires to consume, and that power of purchasing ought to satisfy every reasonable man. But we have some consolation to offer, even to those grown children who

are fond of gold, although they can neither eat it, nor drink it, nor clothe themselves with it; they may convert these notes into their darling idol when they please; that is to say, they may buy gold with these national notes at its market price, mind you, just as they buy beef and bread at the market price; and surely that would be no great hardship.

At the end of a financial year, the debtor and creditor account between the Government and the people would be balanced to a farthing; for just as many notes as the Government paid away when it was debtor, so many would it receive back when it became creditor. These notes would not be cumulative from year to year. Each would be cancelled and withdrawn from circulation as it came in for discharge of taxes, and new notes would be constantly and in a circle issued and retired. Parliament would fix the annual amount of taxation, and to that amount Government would issue taxation money.

All the gold coined would be set free for its legitimate purpose, which is the payment of the balances of foreign trade. Its exportation would never cause any panic, because we should have a specific money for an internal trade and taxation. Production never would be arrested—no man would ever be thrown out of work from a difficulty of his employer to find wages. Unless raw materials failed, which is quite an exceptional case, and quite as fatal to gold money as to representative money, prosperity would be continuous, and not periodically interrupted as it is now, by the deportation of bullion. Our space is more than filled, but we must add one sentence: To perfect our industrial system, we require not only imperial money, but also commercial money, with which the Government has no legitimate concern. Let our readers philosophise on the principle of a postage stamp, and the lesson it teaches to those who are not slaves to Mammon and the Golden Image.



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